

Forced Labour and Child Labour in Supply Chains Report

Fiscal Year 2023

1. ABOUT THIS REPORT

This report is made by 168406 Canada Inc., also known as Fastco Canada® (“**Fastco**”) pursuant to Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (“the **Act**”) for the period beginning January 1, 2023 and ending December 31, 2023.

In line with the requirements of the Act, this report describes the activities of Fastco to limit the risks of forced labour and child labour in our activities and supply chains.

Fastco is committed to upholding the highest ethical standards across its operations and supply chains and recognizes the importance of addressing human rights risks. This report provides an overview of our progress in this critical area, reaffirming our dedication to ethical business practices and social responsibility.

References in this report to “Fastco”, “we”, “our” and similar terms are to 168406 Canada Inc. or to those who work for it.

2. PREVENTING AND REDUCING RISKS OF FORCED LABOUR AND CHILD LABOUR

During the last financial year, Fastco has taken various steps to prevent and reduce the risk that forced labour or child labour is used in our activities and supply chains. We have assessed the risk level of our activities and of those of the suppliers we deal with directly, through internal processes and external audit services. We also conducted regular inspections of our suppliers’ factories and monitored their activities on an ongoing basis.

Details of our actions are set out in this report.

3. ABOUT US & OUR SUPPLY CHAIN

Established in 1989, Fastco is a leading distributor of alloy and steel wheels, covering a wide range of wheel styles and fitments for the tuning, luxury, electric, light-truck and SUV markets.

As a wholly owned subsidiary of Groupe Touchette inc., we operate independently through our facilities located in Vaudreuil-Dorion, Québec, and Airdrie, Alberta.

We design and engineer the wheels in our Canadian facilities. We then engage in subcontracting arrangements with suppliers based in China, Thailand, and Taiwan for the manufacturing of our products and we monitor each step of the manufacturing process. We see the wheel through a series of certification tests right down to the finishing and packaging making sure the wheels are constructed with the highest quality control standards in the industry. Subsequently, the finished goods are imported into Canada for distribution and sale.

The activities of our alloy wheels suppliers involve various inputs such as aluminium alloy, paint, packaging materials, plastic and acrylic. Our suppliers use these inputs as part of a multiple-steps production process that involves smelting, casting, cleaning, machining, painting, packaging and, finally, shipping alloy wheels to us for distribution and wholesale.

Many of our direct suppliers are ISO and/or IATF16949 certified. ISO certifications held by our direct suppliers include ISO14001, ISO9001 and ISO45001. These ISO certifications are known to contribute to various United Nations Sustainable Development Goals, including responsible consumption and production (ISO14001 and ISO9001), and decent work and economic growth (ISO45001).

We ensure the oversight of our manufacturing activities through the physical presence of our employees in the regions where our wheels are produced, which enables us to monitor the activities at operation-level and to carry out regular inspections of downstream activities.

We have also adapted our internal processes and practices to abide by the stringent requirements of our large and reputable clients which are committed to high standards of sustainable sourcing.

4. POLICIES AND DUE DILIGENCE PROCESSES

At Fastco, we want to grow and thrive as a business, but we are also committed to do good by the community we belong in.

Fastco does not endorse, support, or engage in any form of forced labour or child labour within our organization or within our supply chain. In line with our commitment to maintain a responsible business conduct, Fastco has adopted and is implementing policies and processes relevant to the prevention and mitigation of forced labour and child labour in our operations and supply chains.

Our Employee Handbook

All of our employees, contractors and suppliers must comply with our Employee Handbook. In order to ensure the extension of our values throughout all of our activities and supply chain, we amended our Employee Handbook in 2024 to emphasize our commitment to the fighting against child and forced labour. Our revised Employee Handbook encourages our workforce to report any suspected instances of human rights abuses, child labour in particular, through designated channels and provides for the protection of whistleblowers from retaliation. It also includes a description of the measures we have in place to manage human rights risks in our operations and supply chains.

Our Due Diligence Processes

Fastco employs a comprehensive approach to monitor the activities of our suppliers and partners, particularly in industries where the risk of child labour is higher. This includes conducting on-site visits and using third-party audits. Through the assistance of third-party audits, we assess a range of metrics and assign ratings to each supplier, enabling us to evaluate their adherence to established standards and guidelines.

Third-party audits include a review of the supplier's social management system, workers involvement and protection, the rights to freedom of association and collective bargaining, fair remuneration, decent working hours, and the absence of child labour, of precarious employment and of bonded labour.

In 2024, we also started to require our suppliers to certify that they do not engage in child labour practices and that they provide documentary evidence validating the age of their workforce, along

with consistently updated information pertaining to the various operational sites under their purview.

Our auditing procedures help prevent and reduce child labour and forced labour in our operations and supply chains as we communicate to our suppliers that satisfactory audit results are crucial for maintaining our business relationship.

5. FORCED LABOUR AND CHILD LABOUR RISK

To this day, Fastco's risk management strategy has primarily centered around mitigating risks to the workforce within our own operations, as well as addressing risks pertaining to the workforce within our immediate suppliers.

In our Canadian operations, we consider the risk of encountering instances of human rights abuses to be very low. All employees in Canada are hired in accordance with, at a minimum, the applicable laws and regulations and we conduct checks to ensure that individuals have the right to work and are choosing to work on their own free will.

As for supply chain risks, we have initiated a risk assessment process to identify potential vulnerabilities and implement appropriate risk mitigation strategies. However, given the preliminary of our analyses and the inherent complexities and limited visibility associated with our global supply chains, no specific risk areas pertaining to forced labour and child labour have been definitively identified.

That said, we acknowledge that our supply chains and those of our suppliers extend to foreign jurisdictions where the risk of encountering forced labour and child labour may be higher. In order to mitigate such risks, we ensure that our aluminum is purchased from publicly traded companies with robust internal processes and we continue to implement due diligence procedures with the collaboration of our suppliers.

Our assessment process will continue in 2024 and beyond to identify risks in our Tier 1 and Tier 2 suppliers' operations.

6. REMEDIATION

In the event of confirmed instances of forced labour or child labour within our operations or supply chains, Fastco is fully committed to taking remedial measures to rectify the situation and ensure compliance with ethical labour practices. This may include termination of contracts with non-compliant suppliers, remediation efforts, and cooperation with relevant authorities.

To date, Fastco has not identified any instances of forced labour or child labour in our business or supply chains and therefore, no remedial measures were taken, including those related to remediating the economic impact on the most vulnerable families.

7. TRAINING AND CAPABILITY BUILDING

Although we did not provide human rights training to our employees during the last financial year, we intend to do so in the near future. We are currently implementing regular training and awareness programs to employees, contractors, and suppliers regarding the prohibition of forced labour and child labour. This includes education on the relevant laws, consequences of non-compliance, and reporting procedures.

8. ASSESSING THE EFFECTIVENESS OF OUR APPROACH

Fastco continually evaluates the performance of our suppliers to ensure that our business relationships align with our strategic objectives and core values. These assessments are made through regular third-party audits of our suppliers' activities as well as regular on-site visits by our employees, who then report their observations to our head office.

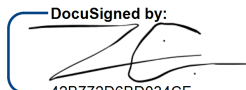
The comprehensive rating systems included in our audit reports allows us to evaluate the progress achieved by each of our direct suppliers. Through close monitoring of score evolution, we effectively measure the impact of our actions and interventions. This allows us to precisely track the outcomes of our efforts, identify areas for further improvement, and ensure transparency and accountability throughout our supply chain.

9. APPROVAL AND ATTESTATION

This report was approved by the Board of Directors of 168406 Canada Inc. on May 6, 2024 pursuant to paragraph 11(4)(a) of the Act and constitutes our report for the financial year ending December 31, 2023.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year indicated above.

I have the authority to bind 168406 Canada Inc.

DocuSigned by:


Full name: Lee Chaplin
Title: Vice-President of Supply Chain
Date: 06-May-2024